GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5750
ANSWERED ON:03.05.2002
PAYMENT TO RESIDENT CONTRACTORS
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) Whether the authority making payments to resident contractors for carrying out work, including supply of labour, carriage of goods and passengers by any mode of transport etc. is to deduct tax at source at the time of credit of such sum to the account of contractor or at the time of making payment thereof but test check of records have revealed that the provisions of the Act are not being followed by tax deductors amounting to several hundred crores of rupees as pointed out by C&AG in report No.12A of 2002 ;

(b) if so, the amount that has been paid without deducting TDS and how much of income tax not realised in involved ; and

(c) the action the Government propose to take in the matter including fixing responsibility and accountability of the concerned defaulters ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a & b) Yes Sir, As per C&AG Report no.12A of 2002, some cases have been pointed out by C&AG in which the provisions regarding deduction of tax at source have not been properly complied with involving tax effect of Rs. 289.31 lakhs. This Report of C&AG is being examined in the CBDT andalso in the field formations with a view to give parawise reply to C&AG and to determine the correctness or otherwise of aforesaid audit observations.

(c) In those cases where the tax deductors are found guilty of non-deduction of tax at source, penalty u/s 271C are levied by the jurisdictional Assessing Officers in the field formations.